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## RAILROAD PLAN TO GET RATES DOWN

Propose to Reduce Wages and Return all Savings by Reduction in Charges

### FULL TEXT OF PROPOSAL

Statement By Thomas DeWitt Cuyler, Chairman of the Association of Railway Executives on the Situation.

Following a meeting in Chicago, October 14, 1921, of the presidents of nearly all the leading railroads in the country, Mr. Thomas DeWitt Cuyler, chairman of the Association of Railway Executives, made the following statement:

At a meeting of the Association of Railway Executives today, it was determined by the railroads of the United States, seeking to obtain a reduction in rates and as a means to that end to seek a reduction in present railroad wages which have compelled maintenance of the present rates.

An application will be made immediately to the United States Railroad Labor Board for a reduction in wages of train service employees sufficient to remove the remainder of the increases made by the Labor Board's decision of July 20, 1920, (which would involve a further reduction of approximately ten per cent), and for a reduction in the wages of all other classes of railroad labor to the going rate for such labor in several territories where the carriers operate.

To Reduce Rates as Wages Go Down The foregoing action is upon the understanding that concurrently with such reduction in wages the benefit of the reduction thus obtained shall, with the concurrence of the Interstate Commerce Commission, be passed on to the public in the reduction of existing railroad rates, except in so far as this reduction shall have been made in the meantime.

The management have decided upon this course in view of their realization of the fact that the wheels of industrial activity have been closed down to a point which brings depression and distress to the entire public and that something must be done to start them again in operation.

The situation which confronts the railroads is extremely critical. The railroads in 1920 realized a net railway operating income of about \$22,000,000 upon a property investment of \$13,000,000,000 and even this amount of \$22,000,000 included back pay for prior years received from the Government of approximately \$64,000,000, thus showing, when the operations of that year alone are considered, an actual deficit before making any allowance for either interest or dividends.

The year ended in serious depression in all branches of industry and in marked reduction of the market demand for railroads and other commodities, resulting in a very serious falling off in the volume of traffic.

Roads Forced to Defer Maintenance In this situation, a policy of the most rigid economy and of postponing and cutting to the bone the upkeep of the properties was adopted by the railroads. This was at the price of neglecting and for the time deferring work which must hereafter and at the near future be done and paid for. This is illustrated by the fact that, as of September 15, 1921, over 10 per cent, or 374,431 in number, of the freight cars of the carriers were in bad order and needing repairs, as against a normal of bad order cars of not more than 100,000 as is further illustrated by the deferred and inadequate maintenance of other equipment and of roadway and structures.

Even under those conditions and with this large bill charged up against the future—which must soon be provided for and paid if the carriers are to perform successfully, their transportation duties—the result of operations for the first eight months of this year, the latest available figures, has been at a rate of net railway operating income, before providing for interest or dividends, amounting to only 2.6 per cent per annum on the valuation of the carrier properties made by the Interstate Commerce Commission in the recent rate case, an amount not sufficient to pay the interest on their outstanding bonds.

Roads Earnings Far Below Reasonable Returns It is manifest, from this showing, that the rate of return of 5 1/2 or 6 per cent for the first two years after March 1, 1920, fixed in the Transportation Act as a minimum reasonable return upon railroad investment, has not been even approximated—much less reached, and that the present high rates accordingly are not due to any statutory guarantee of earnings, for there is no such guarantee.

In analyzing the expenses which have largely brought about this situation, it becomes evident that by far the largest contributing cause is the labor cost.

Today the railroads pay out to labor approximately 60 cents of the dollar they receive for transportation services, whereas in 1916 40 cents on the dollar went to labor.

On the first day of January, 1917, when the Government took charge of wages through the Adamson Act, the labor cost of the railroads had not exceeded the sum of about \$1,400,000,000 annually. In 1920, when governmental authority made the last wage increase, the labor cost of the railroads was about \$3,200,000,000 annually, or, if continued throughout the year instead of for the eight months during which the wage increases were in effect, the labor cost, on an annual basis, would have been largely in excess of \$3,500,000,000, an increase, since the Government took charge of rail-

road wages in the Adamson Act, of approximately \$2,400,000,000 annually. In the light of these figures, it is manifest that the recent reduction of wages authorized by the Labor Board, estimated at from 10 to 12 per cent in no sense meets or solves the problem of labor costs and in no way makes it possible for the railroads to afford a reduction in their revenues. Thousands of Rates Already Reduced Indeed, during the past year there have been between four and five thousand individual reductions in freight rates. On some railroads the reductions in rates have amounted to more than the reductions in wages so far made, and on many other railroads the reductions in wages allowed no net return on operations, but merely provided against the further accumulation of a deficit.

The point is often made that agriculture and other industries are also suffering the same immediate difficulties as the railroads, why, therefore, do not the railroads take their medicine like anybody else? The answer lies in several facts:

1. The railroads were not permitted, as were other industries, to make charges during the years of prosperity, making possible the accumulation of a surplus to tide them over the present extreme adversity. According to the reports of the Interstate Commerce Commission, the rate of return on property investment of the railroads of the United States for the past several years has been as follows:

Rate of Return Earned by Railroads of the United States on Their Property Investment	
1912	4.84%
1913	5.15%
1914	4.17%
1915	4.17%
1916 Fiscal Year	5.20%
1916 Calendar Year	6.16%
1917	5.28%
1918	3.51%
1919	2.46%
1920	0.32%

It will thus be noted that during the years when other industries were making very large profits, when the prices of farm products and the wages of labor were soaring to unheard-of heights, the earnings upon railroad investment in the United States were held within very narrow limits and that during the past four years progressively declined.

### Roads Handicapped More Than Other Businesses.

2. The railroads are responsible to the public for providing adequate transportation. Their charges are regulated by public authority, and they are in very large respects (notably for labor) compelled to spend money on a basis fixed by public authority. The margin within which they are permitted to earn a return upon their investment or to offer inducements to attract new capital for extension and betterments is extremely limited. However, much the railroads might desire, therefore, to reduce their charges in times of depression will be perceived that the limitation surrounding their action does not permit them to give effect to such desires and policies which might very properly govern other lines of business not thus restricted.

It has been urged upon the railroads that a reduction in rates will stimulate traffic and that increased traffic will protect the carriers from the loss incident to a reduction in rates. The railroad management cannot disguise from themselves that this suggestion is merely conjectural and that an adverse result of the experiment would be disastrous not only to the railroads, but to the public, whose supreme need is adequate transportation. Consequently the railroad management cannot feel justified in placing these instrumentalities, so essential to the public welfare, at the hazard of such an experiment based solely upon such a conjecture.

Farmers Especially Need Lower Rates It is evident, however, that existing transportation charges bear in many cases a disproportionate relationship to the prices at which commodities can be sold in the market and that existing labor and other costs of transportation thus imposed upon industry and agriculture generally a burden greater than they should bear. This is especially true of agriculture. The railroad management are feeling sensitive to and sympathetic with the distressing situation and desire to do everything to assist in relieving it that is compatible with their duty to furnish the transportation which the public must have.

At the moment railroads in many cases are paying 40 cents an hour for unskilled labor when similar labor is working alongside the railroads and can easily be obtained by them at 20 cents an hour. The railroads of the country paid in 1920 a total of considerably over \$2,500,000,000 to unskilled labor alone. However desirable it may be to pay this or that schedule of wages, it is obvious that it cannot be paid out of railroad earnings unless the industries which use the railroads are capable of meeting such charges.

The railroads, and through them the people generally, are also hampered in their efforts to economize by a schedule of working rules and conditions in force as a heritage from the period of Federal control and upheld by the Railroad Labor Board. These conditions are expensive, uneconomic and unnecessary from the point of view of railroad operation and extremely burdensome upon the public which pays the bill. This schedule of wages and of working conditions prevents the railroads from dealing equitably with their labor costs in accordance with rapidly changing conditions and the great variety of local considerations which ought to control wages in different parts of the country. The railroads are seeking to have these rules and working conditions abrogated.

The railroads will seek a reduction in wages now proposed by first requesting the sanction of the Railroad Labor Board. The railroads will proceed with all possible dispatch, and as soon as the Railroad Labor Board shall have given its assent to the reduction of wages the general reduction in rates will be put into effect.

## UNIONS REQUEST PAY REHEARING

Brotherhoods Plan to Forestall Roads Who Are to Ask New Cut in Wages.

### CHARGE BREACH OF FAITH

Labor Leaders Say Action on Carriers in Announcing Plans for Reduction is Contrary to the Strike Supplement.

Chicago, Oct. 31.—Plans were formulated by "big five" railroad labor chiefdoms to ask a rehearing on decision No. 147, the United States labor board's wage cut ruling of July 1, that nearly precipitated a nation-wide rail strike.

This was the brotherhoods' reply to announced determination by the roads to ask immediate further reductions in wages, despite the board's ruling that no further cuts would be considered until after pending questions of rules and working conditions are settled. It was because of the decision of the labor board to defer all questions of wages that brotherhoods swung away from their resolve to strike.

The labor board's decision concerning the legality of the strike now called off, and its announcement of its future policy in dealing with disputes were expected during the day. A special meeting of the board was ordered. Charge Breach of Faith.

Labor leaders said that the action of the roads in announcing that plans are afoot to cut wages again, and soon was a breach of faith in the strike settlement. Their plan was to beat the roads to the question by centering the fight on the existing reductions, pending settlement of which any application for additional cuts necessarily must be held up.

Wage reductions to be asked by the railroad will total \$550,000,000, it was said. At what time they are to be asked by the roads will be determined through a vote of the roads' executives, Samuel Felton, president of the Chicago, Great Western, said.

Roads to Ask Cut. "Our program for the immediate future as announced October 14 remains unchanged," Mr. Felton said. "This program includes plans to ask the railroad labor board for permission to make further reductions in wages, and to pass the saving on to the public in the form of reduced rates. The roads are determined to get back to normal and to put an end to industrial depression caused through the present high cost of shipping."

"I have telegraphed requests to the presidents of all the roads in the Chicago district, asking for their opinions as to the advisability of immediately asking further wage cuts. I am waiting on their replies, and when they are received, important action will be taken before the labor board."

Request Affects "Independents." Reported plans of the roads were to cut train service workers to the level existing before May 1, 1920, and to reduce the wages of all other employees—shop crafts, maintenance of way workers and telegraphers—to wages corresponding to those being paid in outside industries.

"This, it was said, again brings the ten 'independent' labor unions into the fight from which they withdrew when the 'big five' refused guarantees of co-operation. It was expected that following the coup of W. H. Lee, president of the Brotherhood of Railway Trainmen, in deposing Warren S. Stone of the Executive Engineers in leadership of the 'big five,' a reconciliation will be effected between the brotherhoods and the 'independent' unions, and that they all will join in the fight against further wage reductions."

### TO HONOR UNKNOWN DEAD

Schools of Nation Asked to Co-operate in Memorial Service for Soldier to Be Buried in Arlington.

Washington, Oct. 31.—Schools of the nation are asked to co-operate in the memorial services for the unknown dead at Arlington on Armistice day by a Washington committee of educators headed by Milton Eisenhower, the war department. It was announced, has sent to this committee material from which a report of the services can be prepared for distribution through the country for use in assembly halls of elementary and high schools.

### DIG DROP IN HOG PRICES

Pittsburgh—Lowest Since Medium Weights Sell at \$9.50 at Pitts-Before the War.

Pittsburgh, Pa., Oct. 31.—Hog prices here tumbled with the heavy fall rains coming in. Medium weights sold at \$9.50 to \$9.65 and heavies \$9.50 to \$9.75. With one exception this is the lowest price since before the World war.

Will Increase Fire Fighters. Chicago, Oct. 31.—Appropriation has been made by the council finance committee at the request of Business Managers John F. Callahan to permit the organization of the fire department. Twenty-three additional battalion chiefs will be appointed.

## NATION'S CHIEFS HONOR MARSHAL

Foch Takes Luncheon With the President at the White House.

### RENEWS WAR FRIENDSHIPS

Generalissimo of Allied Armies in the World War Pays Brief Visit to Washington—To Attend Legion Meet at Kansas City.

Washington, Oct. 31.—With a flourish of trumpets and the cheers of a huge crowd ringing in his ears, Marshal Foch, leader of the allied armies in the World war, called at the White House and was received by President Harding.

Escorted by Cavalry. Accompanied by Ambassador Jusserand and General Pershing and under the escort of a troop of cavalry, the marshal was greeted by throngs along Pennsylvania avenue. The White House grounds were jammed with people, who cheered wildly as the marshal entered.

At the White House entrance the marshal was received with much pomp and ceremony, and he bowed in response to the cheers as he crossed the broad veranda, entering the executive mansion.

President Harding, flanked on either side by the entire staff of military and naval aides, received the marshal in the blue room and the two dignitaries exchanged formal salutation and then had luncheon at the White House.

### Renews War Friendships.

After being received by the President, the French general paid his respects to Secretary Denby at the Navy department and Acting Secretary Wainwright at the War department. He also received calls at his hotel from General Pershing in his official capacity as general of the armies and chief of staff; Admiral Cointat, chief of operations of the navy, and other high officers of the army and navy.

Many of these calls were more than the formality of official courtesies, as they afforded the military chieftains the opportunity of renewing friendships among American officers whom he has not seen since they left Europe at the conclusion of the war.

### Carries 25 Pounds of Tobacco.

Marshal Foch, who is an inveterate pipe smoker, before boarding a steamship for his trip to America, made sure that a sufficient amount of his favorite French tobacco was on hand. One of his military aids has it in charge—25 pounds of it.

Soon after he was taken off the liner at New York and had exchanged official courtesies with the members of the reception committee on the tug Vigilant, he went inside the pilothouse, lighted his small briar pipe and seemed perfectly at home. He emptied it as he approached Battery park and put it back in his pocket.

### Takes Briar Pipe "Nightcap."

Two hours later, when comfortably established in his special train for the run to Washington, the pipe was out again. After dinner he followed the example of his guests and smoked a cigar, but this finished the pipe again came into view only to disappear when the train pulled into the Union station.

Again at his hotel, the last thing he did before going to bed was to take a few more puffs.

### Dr. Paul Andre, his physician, was right when he said:

"The marshal loves his pipe."

### Marshal Goes "on the Wagon."

Marshal Foch will observe the letter and spirit of the prohibition law while in the United States. While diplomatic precedent would permit him to bring wine and liquor into the country for his personal use, Dr. Paul Andre, his personal physician, declared that the marshal intended to follow the American custom of taking only water with his meals. No wine nor other liquor is being carried in the marshal's baggage, the physician said.

The statement of Dr. Andre is interesting in relation to the attitude of the other delegates to the conference. There has been much discussion of the question of whether the delegates would be permitted to bring in and use their own liquors. The prohibition law does not apply to the embassies in Washington, they being foreign territory, but some of the ardent drys sought to forbid liquor to the arms parley delegates.

### MRS. CARUSO BACK IN N. Y.

Widow of Famous Tenor Will Return to Europe to Assist in Settlement of Estate.

New York, Oct. 31.—Mrs. Dorothy Benjamini Caruso, widow of Enrico Caruso, world-famous tenor, was a passenger on a steamship which arrived from France. Mrs. Caruso was accompanied by her daughter, Gloria. She said she would remain in this country five months before returning to Italy to assist in the settlement of her husband's estate.

### Lifts Quarantine on Envoys.

Victoria, B. C., Oct. 31.—The Canadian government has consented to lift the quarantine regulations for the Japanese liner Koshim Maru, with the Japanese delegates to the Washington conference.

## TRAIN WRECKERS HUNTED BY POSSE

Officers Searching for Men Who Derailed Grand Trunk Passenger Near Elba, Mich.

### ENGINE GOES INTO DITCH

Engineer Sees Rail Had Been Removed and Slackens Speed of Train—Plotters Seen Running Into Woods.

Lapeer, Mich., Oct. 31.—A sheriff's posse and railroad detectives are searching the countryside for three men who fled from the scene late Friday of the derailment of the first section of Grand Trunk passenger train No. 5.

The men were believed by the authorities to be the train wreckers, who removed a rail near Elba, three miles from here, with the result that the entire train, except one Pullman car, plunged into the ditch. Three persons were injured seriously.

A flagman saw the trio running into the woods from the scene of the wreck as he went to the rear to place warning signals. One of the men, he reported, was well past middle age, while his companions were much younger. This directed suspicion toward a man about fifty-five years of age, who had been in Elba three days and who was seen last night in company with two young men. The three, it was said, had carefully avoided contact with the villagers.

### Find Stolen Tools.

That the train had been deliberately wrecked was established, officials said, by the finding of track workers' tools at the point of the derailment. Railroad men identified the tools as having been stolen from the Elba station house two days ago.

The engineer observed from a distance that a rail had been removed and was able to slacken the speed of the train before it reached the spot. The engine turned over three times as it lurled into the ditch and this so diminished the speed of the coaches that they merely left the rails and toppled over. The track was torn up for a distance of more than 100 yards.

The injured, two passengers and the fireman, were brought here for treatment. The fireman, severely scalded, probably will not recover, physicians said.

### MRS. MARY DAWES BURIED

Simple Services Held for Mother of Brig. Gen. Charles G. Dawes at Marietta, Ohio.

Marietta, O., Oct. 31.—Simple funeral services for Mrs. Mary Gates Dawes, mother of Brig. Gen. Charles G. Dawes, chairman of the board of directors of the Central Trust Company of Illinois, were held here. Mrs. Dawes, seventy-nine years old, widow of Gen. Rufus F. Dawes of Civil war fame, was an honored resident of Chicago. Two sons, Henry M. and Rufus C. Dawes, live in Evanston; another, Beorn G. Dawes, in Columbus, Ohio, and two daughters, Mrs. Arthur Beach in Miami, and Mrs. Harry Hoyt in Jacksonville, Fla. All were with her when she died. The Mary Gates Dawes Memorial Hotel for Women at Throop street and Jackson boulevard, Chicago, was erected in her honor by General Dawes in 1917. It is similar in operation to the Rufus Dawes home on the West side.

### TO INCREASE TAX ON BOOZE

United States Senate Adopts Amendment Boosting Levy on Beer, Wine and Whisky.

Washington, Oct. 31.—The senate adopted an amendment to the tax revision bill placing a tax of 50 cents a gallon on beer used for medicinal purposes, and increasing the tax on whisky used for medicinal purposes from \$4.50 a gallon to \$6.40 a gallon.

The amendment was offered by Senator Wadsworth (Rep.) of New York and for a time the wet and dry fight was renewed in the senate. Senator Wadsworth explained that since the beer regulations have been issued the tax would yield approximately \$50,000,000 in revenue annually.

### FAIL TO BEAT WAY TO GAME

Michigan Students Lured by Football Match Put Off Train by Rail Officers.

Jackson, Mich., Oct. 31.—Sixteen University of Michigan students, who admitted they were beating their way toward Urbana, Ill., to see the Michigan-Illinois football game, were taken from a train here by railroad officers. They were turned over to the police, but were released on establishing their identity.

### Bandits Beat Aged Messenger.

St. Louis, Oct. 31.—James Evans, sixty-four years old, bank messenger for a manufacturing concern here, is in a serious condition as the result of an attack upon him by two bandits who robbed him of a \$3,000 pay roll and escaped. Evans' body was found in a vacant lot after a search by employees of the manufacturing company and police.

### GIRLS: SAVE AND BEAUTIFY HAIR

A 25-cent bottle of "Danderine" will not only rid your scalp of destructive dandruff and stop falling hair but immediately your hair seems twice as abundant and so wondrous glossy. Let "Danderine" save your hair. Have lots of long, heavy hair, radiant with life and beauty.

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